



***Substitute House Bill No. 6451***

***Public Act No. 13-288***

***AN ACT IMPROVING THE TIMELINESS AND EFFICIENCY OF THE  
DEPARTMENT OF LABOR'S UNEMPLOYMENT INSURANCE TAX  
OPERATIONS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Section 31-223 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2013*):

(a) Every employer who was subject to this chapter immediately prior to January 1, 1980, shall continue to be so subject. An employer not previously subject to this chapter shall become subject to this chapter as follows: (1) An employer subject to the Federal Unemployment Tax Act for any year shall be subject to the provisions of this chapter from the beginning of such year if he had one or more employees in his employment in the state of Connecticut in such year; (2) an employer who acquires substantially all of the assets, organization, trade or business of another employer who at the time of such acquisition was subject to this chapter shall immediately become subject to this chapter as a successor employer; (3) an employer who, after December 31, 1973, (A) in any calendar quarter in either the current or preceding calendar year paid wages for services in employment of one thousand five hundred dollars or more, or (B) for some portion of a day in each of twenty different calendar weeks,

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whether or not such weeks were consecutive, in either the current or the preceding calendar year, had in employment at least one individual irrespective of whether the same individual was in employment in each such day; (4) an employer for which service in employment as defined in subdivision (1) (C) of subsection (a) of section 31-222 is performed after December 31, 1971; (5) an employer for which service in employment as defined in subdivision (1) (D) of said subsection (a) is performed after December 31, 1971; (6) an employer which, together with one or more other employers, is owned or controlled, by legally enforceable means or otherwise, directly or indirectly by the same interests, or which owns or controls, by legally enforceable means or otherwise, one or more other employers, and which, if treated as a single unit or entity with such other employers or interests, or both, would be an employer under subdivision (3) of this subsection and subparagraphs (H) and (J) of subdivision (1) of subsection (a) of section 31-222; (7) any employer, not defined as such by any other subdivision of this subsection, (A) for which, within either the current or preceding calendar year, service is or was performed with respect to which such employer is liable for any federal tax against which credit may be taken for contributions required to be paid into a state unemployment fund, or (B) which, as a condition for approval of this chapter for full tax credit against the tax imposed by the federal Unemployment Tax Act, is required, pursuant to such federal act, to be an "employer" under this chapter; (8) an employer which, having become an employer under any of subdivisions (1) to (7), inclusive, of this subsection, has not, under subsection (c) ceased to be an employer subject to this chapter; (9) for the effective period of its election pursuant to subsection (b), an employer which has elected to become subject to this chapter. In determining whether an employer in question shall be considered, for the purposes of this section, as having had a particular number of employees in his employment at a given time, there shall be counted, in addition to his own employees, if any, (A) the employees of each

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employer whose business was at the given time owned or controlled, directly or indirectly, by the same interests which owned or controlled the business of the employer in question, and (B) the employees of each employer, substantially all of whose assets, organization, trade or business has, after the given time during the same calendar year, been acquired by the employer in question. If an employer shall contract with or shall have under him any contractor or subcontractor for any work which is part of said employer's usual trade, occupation, profession or business, and which is performed in, on or about the premises under such employer's control, and if such contractor or subcontractor shall not be subject to this chapter, such employer shall, for all the purposes of this chapter, be deemed to employ each individual in the employ of such contractor or subcontractor for each day during which such individual is engaged solely in performing such work; but this provision shall not prevent such employer from recovering from such contractor or subcontractor the amount of any contributions he may be required by this chapter to pay with respect to wages of such individuals for such work.

(b) Any employer not so subject to this chapter may accept the provisions of this chapter and become in all respects subject thereto by agreeing in writing filed with the administrator to pay the contributions required from employers subject to this chapter. Any employer with persons in his employ engaged in one or more of the types of service specified in subdivision (5) of subsection (a) of section 31-222, except the service described by subparagraph (A) thereof, may elect that the provisions of this chapter apply to such services by agreeing in writing filed with the administrator to pay the contributions on wages for such services. Any employer defined in subdivision (1) (D) or (E) of subsection (a) of section 31-222 or (5) (F) or (L) of said section may elect either to pay the contributions on wages for services or to finance benefits on a reimbursable basis, by paying into the Unemployment Compensation Fund an amount equivalent to

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the amount of benefits paid out to claimants who during the applicable period were paid wages by the employer concerned, said election to be made in writing to the administrator in accordance with the provisions of subsection (g) of section 31-225. Any employer may revoke acceptance of voluntary liability at the end of any calendar year following the calendar year in which he made such acceptance if he gives written notice to the administrator, accompanied by proof satisfactory to the administrator that he has paid all contributions due under the provisions of this chapter and that he has notified his employees of his intention to revoke such acceptance; such application to revoke acceptance shall be submitted within thirty days after the end of a calendar year and the administrator shall render his decision on such application within sixty days after submission thereof and such revocation of acceptance shall be effective on the thirty-first day of December next preceding the giving of written notice from the administrator to the employer that he is satisfied with such proofs.

(c) An employer may cease to be subject to this chapter at the end of any calendar year following the calendar year in which he became subject to this chapter if he gives written notice to the administrator, accompanied by proof satisfactory to the administrator that he has not employed one employee for at least thirteen weeks during the next-preceding fifteen months, that he is not subject to the Federal Unemployment Tax Act, and that he has notified his employees of his intention to cease to be subject to this chapter; such application for release shall be submitted within thirty days after the end of a calendar year and the administrator shall render his decision on such application within sixty days after submission thereof and the employer shall cease to be subject to this chapter on the thirty-first day of December next preceding the giving of written notice from the administrator to the employer that he is satisfied with such proofs. The administrator shall waive the requirement for an application for release whenever it shall appear that the employer was unable to

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comply with such requirement for the reason that, at the time when he had qualified for release from liability under the provisions of this chapter, he was in good faith not aware of the fact that he was subject to the provisions of this chapter. An employer who discontinues his business and enters the armed forces of the United States shall cease immediately to be subject to this chapter.

(d) For the purposes of subdivisions (5) and (7) of subsection (a), employment shall include service which would constitute employment but for the fact that such service is deemed to be performed entirely within another state pursuant to an election under an arrangement entered into with such state by the administrator and an agency charged with the administration of any other state or federal unemployment compensation law.

(e) For the purposes of subdivisions (3)(B) and (5) of subsection (a), in respect to any week including both December thirty-first and January first, the days of that week to and including December thirty-first shall be deemed one calendar week, and the days beginning and including January first another such week.

(f) Any employer not previously subject to this chapter, that becomes subject to this chapter pursuant to subsection (a) or (b) of this section, shall provide electronic notice of the same to the administrator, in a manner prescribed by the administrator, not later than thirty days after becoming subject to this chapter.

(g) Any employer acquiring substantially all of the assets, organization, trade or business of another employer subject to this chapter shall provide electronic notice of such acquisition to the administrator, in a manner prescribed by the administrator, not later than thirty days after such acquisition. For purposes of this subsection, trade or business includes an employer's employees.

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(h) Any employer that fails to provide electronic notice as required by subsections (f) and (g) of this section shall be liable to the administrator for a civil penalty of fifty dollars for each violation.

Sec. 2. Section 31-225a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2013*):

(a) As used in this chapter, "qualified employer" means each employer subject to this chapter whose experience record has been chargeable with benefits for at least one full experience year, with the exception of employers subject to a flat entry rate of contributions as provided under subsection (d) of this section, employers subject to the maximum contribution rate under subsection (c) of section 31-273, and reimbursing employers; "contributing employer" means an employer who is assigned a percentage rate of contribution under the provisions of this section; "reimbursing employer" means an employer liable for payments in lieu of contributions as provided under section 31-225; "benefit charges" means the amount of benefit payments charged to an employer's experience account under this section; "computation date" means June thirtieth of the year preceding the tax year for which the contribution rates are computed; "tax year" means the calendar year immediately following the computation date; "experience year" means the twelve consecutive months ending on June thirtieth; and "experience period" means the three consecutive experience years ending on the computation date, except that if the employer's account has been chargeable with benefits for less than three years, the experience period shall consist of the greater of one or two consecutive experience years ending on the computation date.

(b) (1) The administrator shall maintain for each employer, except reimbursing employers, an experience account in accordance with the provisions of this section. (2) With respect to each benefit year commencing on or after July 1, 1978, regular and additional benefits paid to an individual shall be allocated and charged to the accounts of

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the employers who paid him wages in his base period in accordance with the following provisions: The initial determination establishing a claimant's weekly benefit rate and maximum total benefits for his benefit year shall include, with respect to such claimant and such benefit year, a determination of the maximum liability for such benefits of each employer who paid wages to the claimant in his base period. An employer's maximum total liability for such benefits with respect to a claimant's benefit year shall bear the same ratio to the maximum total benefits payable to the claimant as the total wages paid by the employer to the claimant within his base period bears to the total wages paid by all employers to the claimant within his base period. This ratio shall also be applied to each benefit payment. The amount thus determined, rounded to the nearest dollar with fractions of a dollar of exactly fifty cents rounded upward, shall be charged to the employer's account.

(c) (1) (A) Any week for which the employer has compensated the claimant in the form of wages in lieu of notice, dismissal payments or any similar payment for loss of wages shall be considered a week of employment for the purpose of determining employer chargeability. (B) No benefits shall be charged to any employer who paid wages of five hundred dollars or less to the claimant in his base period. (C) No dependency allowance paid to a claimant shall be charged to any employer. (D) In the event of a natural disaster declared by the President of the United States, no benefits paid on the basis of total or partial unemployment which is the result of physical damage to a place of employment caused by severe weather conditions including, but not limited to, hurricanes, snow storms, ice storms or flooding, or fire except where caused by the employer, shall be charged to any employer. (E) If the administrator finds that (i) an individual's most recent separation from a base period employer occurred under conditions which would result in disqualification by reason of subdivision (2), (6) or (9) of subsection (a) of section 31-236, or (ii) an

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individual was discharged for violating an employer's drug testing policy, provided the policy has been adopted and applied consistent with sections 31-51t to 31-51aa, inclusive, section 14-261b and any applicable federal law, no benefits paid thereafter to such individual with respect to any week of unemployment which is based upon wages paid by such employer with respect to employment prior to such separation shall be charged to such employer's account, provided such employer shall have filed a notice with the administrator within the time allowed for appeal in section 31-241. (F) No base period employer's account shall be charged with respect to benefits paid to a claimant if such employer continues to employ such claimant at the time the employer's account would otherwise have been charged to the same extent that he employed him during the individual's base period, provided the employer shall notify the administrator within the time allowed for appeal in section 31-241. (G) If a claimant has failed to accept suitable employment under the provisions of subdivision (1) of subsection (a) of section 31-236 and the disqualification has been imposed, the account of the employer who makes an offer of employment to a claimant who was a former employee shall not be charged with any benefit payments made to such claimant after such initial offer of reemployment until such time as such claimant resumes employment with such employer, provided such employer shall make application therefor in a form acceptable to the administrator. The administrator shall notify such employer whether or not his application is granted. Any decision of the administrator denying suspension of charges as herein provided may be appealed within the time allowed for appeal in section 31-241. (H) Fifty per cent of benefits paid to a claimant under the federal-state extended duration unemployment benefits program established by the federal Employment Security Act shall be charged to the experience accounts of the claimant's base period employers in the same manner as the regular benefits paid for such benefit year. (I) No base period employer's account shall be charged with respect to benefits paid to a



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claimant who voluntarily left suitable work with such employer (i) to care for a seriously ill spouse, parent or child or (ii) due to the discontinuance of the transportation used by the claimant to get to and from work, as provided in subparagraphs (A)(ii) and (A)(iii) of subdivision (2) of subsection (a) of section 31-236.

(2) All benefits paid which are not charged to any employer shall be pooled.

(3) The noncharging provisions of this chapter, except subdivisions (1)(D) and (1)(F) of this subsection, shall not apply to reimbursing employers.

(d) The standard rate of contributions shall be five and four-tenths per cent. Each employer who has not been chargeable with benefits, for a sufficient period of time to have his rate computed under this section shall pay contributions at a rate that is the higher of (1) one per cent, or (2) the state's five-year benefit cost rate. For purposes of this subsection, the state's five-year benefit cost rate shall be computed annually on or before June thirtieth and shall be derived by dividing the total dollar amount of benefits paid to claimants under this chapter during the five consecutive calendar years immediately preceding the computation date by the five-year payroll during the same period. If the resulting quotient is not an exact multiple of one-tenth of one per cent, the five-year benefit cost rate shall be the next higher such multiple.

(e) (1) As of each June thirtieth, the administrator shall determine the charged tax rate for each qualified employer. Said rate shall be obtained by calculating a benefit ratio for each qualified employer. The employer's benefit ratio shall be the quotient obtained by dividing the total amount chargeable to the employer's experience account during the experience period by the total of his taxable wages during such experience period which have been reported by the employer to the

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administrator on or before the following September thirtieth. The resulting quotient, expressed as a per cent, shall constitute the employer's charged tax rate. If the resulting quotient is not an exact multiple of one-tenth of one per cent, the charged rate shall be the next higher such multiple, except that if the resulting quotient is less than five-tenths of one per cent, the charged rate shall be five-tenths of one per cent and if the resulting quotient is greater than five and four-tenths per cent, the charged rate shall be five and four-tenths per cent. The employer's charged tax rate will be in accordance with the following table:

Employer's Charged Tax Rate Table

Employer's Benefit Ratio	Employer's Charged Tax Rate
.005 or less	.5% minimum subject
.006	.6% to fund
.007	.7% solvency
.008	.8% adjustment
.009	.9%
.010	1.0%
.011	1.1%
.012	1.2%
.013	1.3%
.014	1.4%
.015	1.5%
.016	1.6%
.017	1.7%
.018	1.8%
.019	1.9%
.020	2.0%
.021	2.1%

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.022	2.2%
.023	2.3%
.024	2.4%
.025	2.5%
.026	2.6%
.027	2.7%
.028	2.8%
.029	2.9%
.030	3.0%
.031	3.1%
.032	3.2%
.033	3.3%
.034	3.4%
.035	3.5%
.036	3.6%
.037	3.7%
.038	3.8%
.039	3.9%
.040	4.0%
.041	4.1%
.042	4.2%
.043	4.3%
.044	4.4%
.045	4.5%
.046	4.6%
.047	4.7%
.048	4.8%
.049	4.9%
.050	5.0%
.051	5.1%
.052	5.2%
.053	5.3%

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.054 & higher	5.4% maximum subject
	to fund solvency
	adjustment

(2) (A) Each contributing employer subject to this chapter shall pay an assessment to the administrator at a rate established by the administrator sufficient to pay interest due on advances from the federal unemployment account under Title XII of the Social Security Act (42 U.S. Code Sections 1321 to 1324). The administrator shall establish the necessary procedures for payment of such assessments. The amounts received by the administrator based on such assessments shall be paid over to the State Treasurer and credited to the General Fund. Any amount remaining from such assessments, after all such federal interest charges have been paid, shall be transferred to the Employment Security Administration Fund or to the Unemployment Compensation Advance Fund established under section 31-264a, (i) to the extent that any federal interest charges have been paid from the Unemployment Compensation Advance Fund, (ii) to the extent that the administrator determines that reimbursement is appropriate, or (iii) otherwise to the extent that reimbursement of the advance fund is the appropriate accounting principle governing the use of the assessments. Sections 31-265 to 31-274, inclusive, shall apply to the collection of such assessments.

(B) On and after January 1, 1994, and conditioned upon the issuance of any revenue bonds pursuant to section 31-264b, each contributing employer shall also pay an assessment to the administrator at a rate established by the administrator sufficient to pay the interest due on advances from the Unemployment Compensation Advance Fund and reimbursements required for advances from the Unemployment Compensation Advance Fund, computed in accordance with subsection (h) of section 31-264a. The administrator shall establish the assessments as a percentage of the charged tax rate for each employer

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pursuant to subdivision (1) of this subsection. The administrator shall establish the necessary procedures for billing, payment and collection of the assessments. Sections 31-265 to 31-274, inclusive, shall apply to the collection of such assessments by the administrator. The payments received by the administrator based on the assessments, excluding interest and penalties on past due assessments, are hereby pledged and shall be paid over to the State Treasurer for credit to the Unemployment Compensation Advance Fund.

(f) (1) For each calendar year commencing with calendar year 1994 but prior to calendar year 2013, the administrator shall establish a fund balance tax rate sufficient to maintain a balance in the Unemployment Compensation Trust Fund equal to eight-tenths of one per cent of the total wages paid to workers covered under this chapter by contributing employers during the year ending the last preceding June thirtieth. If the fund balance tax rate established by the administrator results in a fund balance in excess of said per cent as of December thirtieth of any year, the administrator shall, in the year next following, establish a fund balance tax rate sufficient to eliminate the fund balance in excess of said per cent. For each calendar year commencing with calendar year 2013, the administrator shall establish a fund balance tax rate sufficient to maintain a balance in the Unemployment Compensation Trust Fund that results in an average high cost multiple equal to 0.5. Commencing with calendar year 2014 and ending with calendar year 2018, the administrator shall establish a fund balance tax rate sufficient to maintain a balance in the Unemployment Compensation Trust Fund that results in an average high cost multiple that is increased by 0.1 from the preceding calendar year. Commencing with calendar year 2019, the administrator shall establish a fund balance tax rate sufficient to maintain a balance in the Unemployment Compensation Trust Fund that results in an average high cost multiple equal to 1.0. If the fund balance tax rate established by the administrator results in a fund balance in excess of the amount

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prescribed in this subdivision as of December thirtieth of any year, the administrator shall, in the year next following, establish a fund balance rate sufficient to eliminate the fund balance in excess of said amount. The assessment levied by the administrator at any time (A) during a calendar year commencing on or after January 1, 1994, but prior to January 1, 1999, shall not exceed one and five-tenths per cent, (B) during a calendar year commencing on or after January 1, 1999, shall not exceed one and four-tenths per cent, and shall not be calculated to result in a fund balance in excess of eight-tenths of one per cent of such total wages, and (C) during a calendar year commencing on or after January 1, 2013, shall not exceed one and four-tenths per cent and shall not be calculated to result in a fund balance in excess of the amounts prescribed in this subdivision.

(2) The average high cost multiple shall be computed as follows: The result of the balance of the Unemployment Compensation Trust Fund on December thirtieth immediately preceding the new rate year divided by the total wages paid to workers covered under this chapter by contributing employers for the twelve months ending on the December thirtieth immediately preceding the new rate year shall be the numerator and the average of the three highest calendar benefit cost rates in (A) the last twenty years, or (B) a period including the last three recessions, whichever is longer, shall be the denominator. Benefit cost rates are computed as benefits paid including the state's share of extended benefits but excluding reimbursable benefits as a per cent of total wages in covered employment. The results rounded to the next lower one decimal place will be the average high cost multiple.

(g) Each qualified employer's contribution rate for each calendar year after 1973 shall be a percentage rate equal to the sum of his charged tax rate as of the June thirtieth preceding such calendar year and the fund balance tax rate as of December thirtieth preceding such calendar year.

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(h) (1) With respect to each benefit year commencing on or after July 1, 1978, notice of determination of the claimant's benefit entitlement for such benefit year shall include notice of the allocation of benefit charges of the claimant's base period employers and each such employer shall be mailed a copy of such notice of determination and shall be an interested party thereto. Such determination shall be final unless the claimant or any of such employers files an appeal from such decision in accordance with the provisions of section 31-241. (2) The administrator shall, not less frequently than once each calendar quarter, mail a statement of charges to each employer to whose experience record any charges have been made since the last previous such statement. Such statement shall show, with respect to each week for which benefits have been paid and charged, the name and Social Security account number of the claimant who was paid the benefit, the amount of the benefits charged for such week and the total amount charged in the quarter. (3) The statement of charges provided for in subdivision (2) of this subsection shall constitute notice to the employer that it has been determined that the benefits reported in such statement were properly payable under this chapter to the claimants for the weeks and in the amounts shown in such statements. If the employer contends that benefits have been improperly charged due to fraud or error, a written protest setting forth reasons therefor shall be filed with the administrator within sixty days of the mailing date of the quarterly statement. An eligibility issue shall not be reopened on the basis of such quarterly statement if notification of such eligibility issue had previously been given to the employer under the provisions of section 31-241, and he failed to file a timely appeal therefrom or had the issue finally resolved against him.

(i) (1) At the written request of any employer which holds at least eighty per cent controlling interest in another employer or employers, the administrator may mingle the experience rating records of such dominant and controlled employers as if they constituted a single

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employer, subject to such regulations as the administrator may make and publish concerning the establishment, conduct and dissolution of such joint experience rating records. (2) The executors, administrators, successors or assigns of any former employer shall acquire the experience rating records of the predecessor employer with the following exception: The experience of a predecessor employer, who leased premises and equipment from a third party and who has not transferred any assets to the successor, shall not be transferred if there is no common controlling interest in the predecessor and successor entities. (3) The administrator is authorized to establish such regulations governing joint accounts as may be necessary to comply with the requirements of the federal Unemployment Tax Act.

(j) (1) Each employer subject to this chapter shall submit quarterly, on forms supplied by the administrator, a listing of wage information, including the name of each employee receiving wages in employment subject to this chapter, such employee's Social Security account number and the amount of wages paid to such employee during such calendar quarter.

(2) Commencing with the first calendar quarter of 1991, each employer subject to this chapter who reports wages for two hundred fifty or more employees receiving wages in employment subject to this chapter, and each person or organization that, as an agent, reports wages for a total of two hundred fifty or more employees receiving wages in employment subject to this chapter on behalf of one or more employers subject to this chapter shall submit quarterly the information required by subdivision (1) of this subsection on magnetic tape, diskette, or other similar electronic means which the administrator may prescribe, in a format prescribed by the administrator, unless such employer or agent demonstrates to the satisfaction of the administrator that it lacks the technological capability to report such information in accordance with this



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subdivision.

(3) Any employer that fails to submit the information required by subdivision (1) of this subsection in a timely manner, as determined by the administrator, shall be liable to the administrator for a late filing fee of twenty-five dollars. Any employer that fails to submit the information required by subdivision (1) of this subsection under a proper state unemployment compensation registration number shall be liable to the administrator for a fee of twenty-five dollars. All fees collected by the administrator under this subdivision shall be deposited in the Employment Security Administration Fund.

(4) Commencing with the first calendar quarter of 2009, each employer subject to this chapter who makes contributions or payments in lieu of contributions for two hundred fifty or more employees receiving wages in employment subject to this chapter, and each person or organization that, as an agent, makes contributions or payments in lieu of contributions for a total of two hundred fifty or more employees receiving wages in employment subject to this chapter on behalf of one or more employers subject to this chapter shall make such contributions or payments in lieu of contributions electronically.

(k) The employer may inspect his account records in the office of the Employment Security Division at any reasonable time.

Approved July 12, 2013